

September 17, 2003

Akin Votes to Protect Internet from Taxation

Washington, D.C.- Congressman Todd Akin (R-MO) joined a bipartisan majority of his colleagues in voting today to protect the Internet from new and discriminatory taxes. HR 49, the Internet Tax Nondiscrimination Act, passed the House today and will be next considered by the Senate.

The Internet Tax Nondiscrimination Act prohibits taxes on Internet access; taxation by multiple states on products purchased over the Internet; and discriminatory taxes that treat Internet purchases differently from other types of sales. The legislation passed today extends indefinitely the Internet Tax Freedom Act which was set to expire on November 2001.

"As Chairman of the Small Business Subcommittee on Workforce, Empowerment and Government Programs, it's clear to me that the Internet is an important and growing element of the U.S. economy," said Akin, a cosponsor of the bill. "It is essential that we protect businesses and consumers from burdensome taxes, especially now that we are recovering from a recession.

"In addition, taxation that would be unique and discriminatory to Internet sales, such as taxes by multiple states on a single sale, would add confusion and complexity to companies already hit hard by multiple taxes and regulations. As some states are tempted to increase taxation to counter budgetary shortfalls, it is critical that we take this action to help preserve the Internet as a valuable tool of commerce that will help foster growth in our economy," concluded Akin.

HR 49 would:

- Increase investment in new IT developments. Despite the economic slowdown, IT industries have continued to expand investment. Keeping e-commerce tax-free will continue spurring this investment.
- Accelerate e-commerce sales. In 2000, Internet sales totaled \$28 billion. By 2001, this number had climbed to over \$35 billion. In the third-quarter of 2002 alone, Internet sales reached more than \$10 billion. Slapping a tax on these sales will only inhibit future growth.
- Encourage more Americans to go online. Internet access is more affordable without taxes. Keeping the Internet tax-free will encourage an increasingly diverse online population of Internet users.